

Government of the District of Columbia  
Office of the Chief Financial Officer



**Jeff DeWitt**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Phil Mendelson  
Chairman, Council of the District of Columbia

**FROM:** Jeff DeWitt  
Chief Financial Officer

**DATE:** March 4, 2014

**SUBJECT:** Fiscal Impact Statement - Tobacco Product Manufacturer Reserve Fund Act of 2014

**REFERENCE:** As introduced

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**Conclusion**

Funds are sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill.

**Background**

Tobacco Master Settlement Agreement (MSA) requires that manufacturers who are not a part of the MSA must put aside funds in escrow to cover the cost of potential health claims. The amount of escrow is tied to the volume of sales of each non-participating manufacturer.

Under current law the District receives information from wholesalers on the volume of tobacco sales by manufacturer and brand.<sup>1</sup> District law permits sharing of sales volume data with other federal, state, District, or local agencies only for purposes of the enforcement of MSA.<sup>2</sup>

On March 12, 2013, an arbitration panel approved the terms of a multi-state settlement with certain tobacco manufacturers. The District is a part of this agreement. One requirement of the terms of settlement is that the District would share information on cigarette sales volumes by non-participating manufacturers with a multi-state data clearing house. The bill amends District law to include the multi-state data clearing house in the list of entities who can receive information on volume of tobacco sales by brand and manufacturer.

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<sup>1</sup> D.C. Official Code § 7-1803.05 (a).

<sup>2</sup> D.C. Official Code § 7-1803.05 (b).

The Honorable Phil Mendelson

FIS: "Tobacco Product Manufacturer Reserve Fund Act of 2014" as introduced

### **Financial Plan Impact**

Funds are sufficient in the FY 2014 through FY 2017 budget and financial plan to implement the bill.

In the District, the tobacco tax settlement program is handled by the Office of the Attorney General (OAG). The bill will require the Office of Tax and Revenue (OTR) to disclose sales volume information with OAG, which will then send this information to the multi-state data clearing house. OTR has in the past disclosed this information to assist with litigation, and it can continue to do so at no additional cost. The requirements of the bill can be implemented at no cost to the District of Columbia.